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Chairman: Mr. Asadi ..... (Islamic Republic of Iran)

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The meeting was called to order at 10.05 a.m.

General debate (*continued*)

1. **Mr. Valencia Rodríguez** (Ecuador) said that, in medium- and long-term development strategies, internal and external adjustments must be made in order to make the most of the opportunities and benefits offered by globalization. At the same time, it was necessary to reduce the risks and costs that that process implied for the developing countries. The efforts that most developing countries had undertaken to ensure macroeconomic control, modernize their government machinery and open up their economies should be complemented by adjustments and changes at the international level. The openness and transparency of international markets were essential for consolidating the reforms and internal adjustments undertaken by developing countries. Ecuador's efforts in that area had not always met with an adequate response from the developed countries, some of which continued to apply trade restrictions. As long as the developed countries did not make sincere efforts to comply with the rules of international trade, it would be extremely difficult for the developing countries to achieve their development goals and eradicate poverty.

2. While his delegation attached importance to financing and international cooperation, it believed that the United Nations Conference on Trade and Development (UNCTAD) should focus on trade-related issues, such as trade in commodities, the outcome and commitments of the Uruguay Round of multilateral trade negotiations, trade in services and investments, trade and the environment, and protectionism. Ecuador had joined the World Trade Organization (WTO) in 1996. Almost all of Latin America was subject to the obligations and disciplines of WTO, which demonstrated their positive attitude towards, and commitment to, globalization and the liberalization of international trade.

3. The United Nations, through UNCTAD and in cooperation with the Bretton Woods institutions and WTO, should take an active part in developing a system of economic governance. With regard to the growing gap between the developed and developing countries, as well as imbalances within developing countries, national Governments must adopt policies to ensure an equitable distribution of income. For its part, the United Nations should propose alternatives with a view to increasing international cooperation to promote stable financial flows and the transfer of technology. The implementation of the Agenda for Development was essential.

4. The United Nations should encourage international economic cooperation with a view to ensuring the harmonious development of countries. It was important to promote an international development strategy conducive to world economic recovery and sustained economic growth. In that regard, the participation of international specialized agencies involved in trade and development was indispensable.

5. The servicing of external debt had a direct impact on the current and future income of many countries, including Ecuador. Debt-servicing hindered domestic capital formation and depleted resources that should be allocated to economic and social development. The United Nations should try to find a viable method of debt-servicing that did not impinge on indebted countries' right to development.

6. At its fifty-second session, the General Assembly had adopted its resolution 52/200 on international cooperation to reduce the impact of the El Niño phenomenon. The developing countries had been particularly hard hit by El Niño, and in Ecuador the damages caused by that phenomenon had reached $2.6 billion. His delegation wished to express its gratitude for the assistance that had been provided by the Office of the United Nations Disaster Relief Coordinator through the International Decade for Natural Disaster Reduction secretariat, as well as the United Nations programme and inter-agency group that had been established to deal with the El Niño phenomenon. His delegation hoped that the outcome of the intergovernmental meeting of experts to be held in Ecuador from 9 to 13 November 1998 would help the General Assembly adopt adequate measures to repair the damage caused by El Niño and develop a long-term strategy with a view to preventing and mitigating its effects.

7. In order to achieve the goals of sustainable development, the international community must fulfil its commitments under Agenda 21, as well as its commitment to the programme to strengthen its implementation that had been adopted at the nineteenth special session of the General Assembly. Ecuador had successfully initiated its Dialogue 21 project, sponsored by Capacity 21, the objective of which was to develop and adopt medium- and long-term measures to introduce the broad concept of sustainable development into Ecuador's legal system and institutions. Ecuador hoped to share its experience with other countries of the region.

8. Ecuador, as a signatory of the United Nations Framework Convention on Climate Change, called upon the industrialized countries to reduce their gas emissions to levels that would ensure the survival of the different forms of life on earth. For their part, the developing countries could

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achieve sustainable economic growth through the application of new technologies, the more efficient use of energy and the use of renewable sources of energy; that would require international cooperation. His delegation hoped that the fourth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, which would be held in Buenos Aires, would have a positive outcome.

9. The eradication of poverty continued to be an ethical and political imperative for mankind. Although human development was improving, such progress was characterized by great inequalities between peoples and countries and was threatened by economic recessions, armed conflicts, epidemics and natural disasters. Moreover, official development assistance (ODA) was at the lowest level ever recorded. The *Human Development Report 1998* reflected the enormous gap between the affluent and the poor, and pointed out that current patterns of growth and development were harmful to the environment. Ecuador believed that the human person was the principal subject of sustainable development and that patterns of development and consumption that perpetuated inequality were neither sustainable nor worthy of being sustained.

10. **Mr. Muchanga** (Zambia) said that his delegation associated itself fully with the statement made by the representative of the Group of 77 and China. The current instability in the international economic and financial systems posed a challenge to the United Nations to contribute to the development of an international consensus on broad-based management and regulation of the world economy. His delegation supported the view that multilateralism should be given a chance in the governance of the world economy. In the short term, there was a pressing need to protect countries against the destabilizing effects of volatile capital flows. For the medium term, his delegation supported calls for the development of a new international financial system based on increased accountability and global governance arrangements that were in keeping with the needs of the current globalized economy.

11. The need for debt relief was as urgent as ever. All developing countries that had been classified as highly indebted poor countries were unable to manage their external debt. Africa had a massive domestic debt problem that was likely to have an adverse impact on future development prospects for the region. The continuing cycle of financial crises was creating new liquidity problems for most developing countries that had previously been able to manage their debt. As long as the debt crisis remained, efforts to reduce poverty in developing countries would be undermined. As long as poverty persisted and increased, the benefits of civilization would not be available to the majority of the human race. Debt reduction leading to poverty reduction was therefore a springboard to achieving self-fulfilment by all people of the world.

12. It was essential to achieve debt sustainability for all developing countries. In that context, relief going beyond 80 per cent should urgently be implemented by the Paris Club as a follow-up to the understanding reached between the Secretary-General and the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development on 23 September 1998 in the context of the implementation of the Secretary-General's report on the causes of conflict and the promotion of durable peace and sustainable development in Africa (A/52/871-S/1998/318). His delegation was also in favour of an emergency moratorium for developing countries that were experiencing payment problems as a result of the current international financial and economic turmoil. Over time, the excessive debt burden of those countries would also need to be sharply reduced. The international community should face the reality that the evolving international debt strategy must be set in a developmental context through deeper debt reduction and, in some cases, complete write-offs in order to end the endemic external debt crisis and improve growth prospects in developing countries.

13. Conditionalities were becoming a common and increasing feature of development cooperation. As such conditionalities proliferated, ownership of both the political process and development programmes progressively shifted to the aid donors, and the notion of partnership became blurred. In that situation, the voices of the people whom the recipient Governments represented were also stifled. As the debate on capacity-building and empowerment in the development process continued, it was high time to reconsider conditionalities.

14. While world trade in goods and services had increased considerably over the past 30 years, its benefits had not been enjoyed by all regions of the world. Africa, for example, had suffered an average annual decline of 1 per cent during that period, and the region's share in world trade had dropped to about 2 per cent from 6 per cent in the early 1980s. The decline in export commodity prices by as much as 25 per cent in 1998 would further weaken Africa's export sectors and revenue bases. Against that background, there was a need to improve market access for developing countries by avoiding protectionism and competitive devaluations. The fate of many developing countries rested on the willingness of developed countries to open up their markets. Developing countries also required support in order to diversify and

thereby reduce their heavy dependence on the production and export of commodities.

15. **Mr. Aujali** (Libyan Arab Jamahiriya), having endorsed the statement made by the representative of the Group of 77 and China, expressed concern at the worsening economic situation in Africa. Although economic development was a weapon against poverty and underdevelopment, the developing countries were often sacrificed to vital economic and political interests; in order to obtain essential finance, for instance, they were coerced into accepting unjust conditions and financial policies that disrupted their economies, such as the internationally agreed objectives of ODA and the provision of new resources in accordance with the Paris Declaration and Programme of Action for the Least Developed Countries.

16. He remarked that urgent measures should be taken to erase the external debts of the developing countries, many of which were so crippled by debt servicing that they were unable to provide basic economic and social services. Furthermore, restrictions on trade and the free movement of goods, individuals, capital and technology, coupled with the imposition of stiff penalties under coercive unilateral laws, such as those promulgated by the United States Administration, prevented the establishment of a just multilateral global system. The international community should seek the abolition of such fascist and oppressive laws, in which connection his delegation would be presenting a draft resolution to the General Assembly under agenda item 51 on the elimination of coercive economic measures as a means of political and economic compulsion. He therefore hoped that votes would be cast in its favour in the interests of tolerance, coexistence, justice and respect for the principles of the Charter of the United Nations.

17. Given the international community's responsibility for preserving the environment and halting its degradation, his delegation was greatly concerned by the modest progress achieved in realizing the objectives of the United Nations Conference on Environment and Development concerning problems such as desertification, drought and its concomitant of human migration, air pollution, landmines and endemic diseases, which were all further exacerbated by ignorance. As the developing countries also had a role to play in addressing those problems, which affected their development, he appealed to the developed countries to provide new financial resources and environmentally sound technology, as well as the political will to fulfil their obligations under Agenda 21.

18. Today was the era of monopolization by giant trade and economic institutions created by mergers and sustained by the globalization catchphrase. Contrary to its purported benefits to the poor and needy, however, globalization was now a force that threatened both acquired freedoms and the interests of the South by turning the latter's industries and financial institutions into subsidiaries and controlling its information technology and the production, distribution and prices of its raw materials. Even more damage would occur unless the developing countries devised and implemented appropriate remedies, such as a review of the Bretton Woods institutions; the World Bank and IMF, for instance, had done nothing to stop the scandal of excessive borrowing or alleviate debt-servicing conditions. Efforts should therefore be made to democratize such international institutions with a view to satisfying the requirements of the majority of countries.

19. Lastly, having emphasized the need to strengthen the existing solidarity and dialogue between the developed and developing countries, he said that South-South cooperation was a major concern and a central strategy for the eradication of poverty, the preservation of the environment and the creation of effective inter-State and interregional cooperation. Dialogue with the North, however, was no less important, as its prosperity was unsustainable as long as poverty and deprivation continued in the South.

20. **Ms. Moreno** (Mexico) said that globalization required all participants in the international economy to assume their responsibilities. In that regard, her delegation hoped that the industrialized countries would take the necessary steps to prevent their economies from sliding into recession, and adapt their monetary policies with a view to promoting investment and growth. The countries responsible for the current economic crisis should take, as soon as possible, the necessary measures to address that situation. It was also important to strengthen the capacity of the international financial institutions to respond to and solve world economic problems. Meeting in Panama City on 5 September 1998, the President of Mexico and the other Presidents of the countries members of the Rio Group had made a strong political appeal to all countries and the international financial institutions to work together to find ways of achieving world financial security.

21. It was essential to overcome the current economic crisis and return to sustained growth and also to prevent crises in the international financial system by adopting a long-term comprehensive approach capable of meeting the challenges of development and protecting the most vulnerable social groups. In that regard, national and international financial systems must be strengthened through more effective international monitoring, which could be facilitated by improving the availability and transparency

of information and by enhancing the role of the international financial institutions in preventing, managing and resolving crises. Her delegation called upon the Secretary-General, in conjunction with other institutions, including the Bretton Woods institutions, to draw on the experience of other countries and seek advice on ways of strengthening global financial security.

22. Her delegation welcomed the General Assembly's timely initiative on the high-level international intergovernmental consideration of financing for development and stressed the relevance of continuing the high-level dialogue on global partnership for development. The resumption of that dialogue on 17 and 18 September 1998 had reflected the international community's recognition that the developed and developing countries must work together to meet current challenges. The United Nations and its specialized agencies, funds and programmes, the Economic and Social Council, the Bretton Woods institutions and WTO should unite their various capacities and comparative advantages with a view to solving pressing international economic problems. In that regard, the high-level political dialogue between the Economic and Social Council and the Bretton Woods institutions should be broadened and deepened.

23. The twentieth anniversary of the adoption of the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries was a cause for satisfaction. Mexico attached great importance to South-South cooperation and was taking concrete action in diverse areas, in particular, in the region of Central America and the Caribbean. In 1998, Mexico had engaged in technical cooperation with 18 less developed countries and 24 countries at a similar level of development. Mexico had also cooperated with industrialized countries in carrying out activities to benefit third countries in the Latin American region.

24. Her delegation reiterated its willingness to contribute to the achievement of the consensus needed to ensure sustainable development at the global level and to eradicate extreme poverty. It was necessary to provide adequate follow-up to the agreements and commitments made at major United Nations conferences and summits. In that regard, Mexico would participate in the evaluation of the implementation of the Programme of Action of the International Conference on Population and Development and the Second United Nations Conference on Human Settlements (Habitat II). In addition to the useful exchange of information on national experience, it was necessary for countries to consider the progress they had made and the challenges they faced in the field of international cooperation.

25. The current year had been particularly difficult for many countries owing to climatological developments. Mexico had experienced a drought that had been attributed to the El Niño phenomenon as had been the devastation wrought by hurricanes and heavy rains. For that reason, it was particularly important to strengthen international cooperation in order to reduce, in the long term, the impact of the El Niño phenomenon.

26. **Mr. See-young Lee** (Republic of Korea) said that the current Committee session was taking place at a critical juncture when the entire international community was looking for ways to overcome the current financial crisis, which had struck just as the world believed itself to be in an era of long-term prosperity and economic growth. Participants in the recent high-level dialogue on the theme of the economic and social impact of globalization had agreed that globalization could not be reversed, and therefore, efforts must be made to maximize its benefits and minimize risk.

27. His delegation believed that the current financial crisis was only a temporary setback in the long-term globalization process. If the crisis could be overcome, a higher degree of world economic integration would result which could be of benefit to all. Four elements were important in stemming the contagion effect of the crisis and the prospect of a world recession. First, efforts must be made at the national level to restructure the financial sector and improve transparency and corporate accountability. Second, the international community must restructure the international financial system to meet the challenges of a changing economic environment. The Bretton Woods institutions had been established mainly to address trade account imbalances and development aid, but current economic circumstances were radically different. Third, the major industrialized countries must take immediate steps to spur economic growth in order to avoid the spectre of a world recession caused by the credit and liquidity crunch in countries affected by the crisis. Economic growth in those countries could absorb the exports of affected developing countries, providing them with funds to ease their liquidity crisis. Fourth, it was important to continue to pursue trade liberalization and avoid protectionism.

28. With the significant changes in the realities of development since the end of the cold war, the international community must foster consensus on development strategies for the coming century based on liberalization and free market mechanisms. The adoption of the Agenda for

Development was the first step in efforts to revitalize development cooperation, and it must be implemented in full. The basic objective of future development cooperation should be to raise living standards for all and assure sustainable development by integrating developing countries into the global economy.

29. Turning to the issue of the environment, his Government considered the setting out of binding reduction targets for greenhouse gas emissions in the Kyoto Protocol on climate change as a historic step forward and had become the 55th signatory to the Protocol in September 1998. It was also making efforts to support the Programme for the Further Implementation of Agenda 21, and planned to organize an expert meeting on sustainable consumption patterns in East Asia during 1999. As a result of its own experience, the Republic of Korea remained firmly committed to the development of other developing countries, especially through South-South cooperation.

30. The world urgently needed a new global vision of development and a genuine global partnership for development cooperation. The first step towards that partnership would be a consensus on how to manage the current economic turmoil. His Government was determined to make an active contribution to the establishment of that common vision.

31. **Mr. de Rojas** (Venezuela) said that many members of the Committee shared his view that General Assembly resolutions 52/179 and 52/186, on the topics of high-level international intergovernmental consideration of financing for development and the renewal of the dialogue on strengthening international economic cooperation for development through partnership, respectively, had been among the most important resolutions which the Committee had adopted at its previous session. The recent high-level meetings on globalization and the discussions which had taken place in Washington among the global financial institutions all conveyed the message that the time had come to rethink, redesign and reconstruct the global financial architecture. There was general agreement that the financial and monetary system established at Bretton Woods 54 years earlier no longer worked, and that it had not been designed to withstand current problems and challenges.

32. It had been suggested, however, that the task of rebuilding the system should be entrusted mainly to the major industrialized countries, although with the participation of certain select developing countries with so-called emerging economies. That approach could have some merit, particularly at the beginning of the process, but sooner or later the discussion must come before the United Nations because of its universality; the problems of globalization must be addressed multilaterally. Any new structure should, of course, take as its foundation the experience and wisdom accumulated over a half-century by the international financial institutions. However, universal participation in the design of such a structure was essential in order to avoid past errors which had led to failure.

33. In its resolution 52/179, the General Assembly had decided to begin preparations for a high-level international conference on the financing of development. Thus far, the general view was that the conference should be broad in scope and should address the systemic aspects of the international financial and monetary system. One of the Second Committee's most important tasks would be to give thorough consideration to that matter and offer proposals for solutions. Some had expressed the view that the conference should be held before a possible "Bretton Woods II" conference, while others believed that both matters should be combined into one major world conference on the international financial architecture. Consideration must also be given to the relationship between those initiatives, the tenth session of UNCTAD and the proposed Millennium Assembly. The revitalization of the Economic and Social Council was closely related to those topics. A strong, credible, effective and representative Council would eliminate the need to establish an "Economic Security Council" or to give extraordinary authority to the Interim Committee of the International Monetary Fund (IMF).

34. Finally, it should not be forgotten that the Committee's economic deliberations must have an ethical and moral component if they were to result in a world where social justice prevailed.

35. **Mr. Al-Haddad** (Yemen) said that his delegation wished to emphasize the statement made by the chairman of the Group of 77 and endorse the views expressed in the statement of the Minister for Development Cooperation of the Netherlands, a country which embodied the spirit of true partnership for development and made an effective contribution to the field. He commented that the suffering of the least developed countries was an acknowledged fact and that sectoral and overall development risked complete failure, which would lead to political and social disturbance. The majority of resources in developing countries were ploughed into external debt repayment and servicing, while ODA had now fallen to 22 per cent of the gross domestic product of most industrial countries. Without a review of that sliding trend, there could be no sustainable development in such countries. The international community should therefore emancipate its political will with a view to implementing the Programme of Action for the Least

Developed Countries for the 1990s and completing the preparations for the United Nations Conference on the Least Developed Countries to be held in 2002.

36. He said that the least developed countries should not be further marginalized in the context of international economic reform. Instead, the relevant United Nations, financial and trade organizations should encourage the integration of the developing countries into the global economy by strengthening their technical assistance to those countries, thus enhancing their production capabilities and allowing them access to the trade opportunities resulting from globalization and trade liberalization.

37. Highlighting the important issues involved in addressing the ongoing decline in the international economy, he said that the solutions should include the eradication of poverty and compliance with international ODA agreements, which should be increased. Secondly, regeneration of the drive for world economic growth was instrumental to revitalizing the international economy on the basis of fair partnership and mutual reliance. Thirdly, controls should operate on the financial market with a view to avoiding the disastrous financial repercussions of the current ability to buy and sell colossal sums of money during a 24-hour period. Lastly, UNCTAD and other concerned institutions should endeavour to ensure that the developing countries were capable of transparency and analysis in the case of such huge financial transactions and also that strict controls could be enforced.

38. **Mr. Todjinou** (Benin) said that the decade which was coming to an end had been marked by a greater awareness of the role of the United Nations in cooperation for economic and social development, generated by the series of major world conferences. The time had come, however, for an evaluation of the implementation of the recommendations and programmes of action which had issued from those conferences.

39. Solidarity could no longer be considered optional, but had become a requirement for collective security and harmonious development. Regrettably, however, ODA, which was the living expression of that solidarity among nations, was currently at its lowest levels ever. Every effort must be made to reverse that trend so that development could continue in the countries with the greatest need. His delegation invited the developed countries to meet fully their commitments to provide financial resources for development. The new development partnership should be based on the knowledge that financing for development was a shared responsibility that should be reflected in a broader and more equitable distribution among donor countries. External debt remained a burden for the least developed countries and absorbed more than a third of their export receipts, mortgaging their future and slowing their growth. Only collective action in solidarity could lift that burden.

40. Trade had been presented to the developing countries as a means for growth, but their marginalization in world trade remained a cause for concern. Increased market access for their products and foreign direct investment were needed to stimulate the production and export of goods and services. In addition, those countries required technology transfer and capacity-building in order to become viable partners in world trade.

41. The prospects for the development of Africa on the eve of the third millennium were not very encouraging. The conditions to enable sub-Saharan African countries to benefit from the advantages of globalization, including a share of world trade and the ability to attract foreign direct investment, did not exist. His delegation hoped that the efforts of African countries to implement structural adjustment programmes would be supported by the international community, which should intensify its activities to promote development on that continent. His delegation welcomed the report of the Secretary-General on the causes of conflict and promotion of durable peace and sustainable development in Africa (A/52/871).

42. The objectives of sustainable development, including its economic, social and environmental components, and the implementation of Agenda 21 should remain a concern of all humanity. Development was the driving force of human progress, and Benin was ready to cooperate with all the countries of the world towards greater solidarity among peoples so that peace and prosperity would prevail.

43. **Ms. Arystanbekova** (Kazakhstan) welcomed the first joint meeting of the Economic and Social Council and the Bretton Woods institutions, which had taken place in April, as part of the effort to deal with the challenges of globalization. Other significant initiatives in that regard had been the high-level segment of the substantive session of the Economic and Social Council in 1998, devoted to a discussion of market access in the context of globalization and liberalization, and the high-level dialogue in the context of the fifty-third session of the General Assembly on the theme of the social and economic impact of globalization and interdependence and their policy implications.

44. Kazakhstan, which had been independent for seven years, accorded top priority to the growth and development of its economy and the market system. An Economic Policy Council had been established to recommend measures for mitigating the consequences of the world financial crisis on

the Kazakh economy. Its emphasis on the development and strengthening of national financial institutions had shielded it from the negative consequences of the crisis in South-East Asia. Another priority was the creation of a modern high-technology economy and of a favourable environment for foreign investment. Kazakhstan's goal was to transform a commodities-based economy into a competitive manufacturing economy. Indeed, it ranked first among the membership of the Commonwealth of Independent States and second among the former socialist countries in terms of per capita foreign capital investment. She expressed appreciation for the assistance of the Economic Commission for Europe and the Economic and Social Commission for Asia and the Pacific in establishing a United Nations special programme for the economies of Central Asia (SPECA), which promoted mutual cooperation and economic integration in the region.

45. As a landlocked country with large reserves of natural resources, including hydrocarbons, Kazakhstan attached great importance to the development of transport infrastructure, both in its own long-term development plan proposed by its President and in cooperation with the United Nations. Indeed, General Assembly resolution 51/168, entitled "Transit environment in the landlocked States in Central Asia and their transit developing neighbours", had spurred the development of the transit system in the region and the improvement of market access for goods and services from the Central Asian States. Her delegation intended to coordinate the drafting of a similar resolution during the current session and appealed for the cooperation of Member States. Kazakhstan also looked forward to the early implementation of the Caspian Pipeline Consortium project with a view to exporting its mineral resources through multiple-option oil and gas pipelines.

46. As a strong proponent of regional cooperation and economic integration, Kazakhstan was pleased to chair the Economic Cooperation Organization, which had 10 member States. In that capacity, it would promote the intensification of the activities of the Economic Cooperation Organization and stronger links with the United Nations, pursuant to General Assembly resolution 52/19 on cooperation between the United Nations and the Economic Cooperation Organization. A similar resolution would be submitted during the current session. The Declaration and other documents adopted at the fifth summit of the Economic Cooperation Organization, held in Almaty in May, contained excellent recommendations for the creation of a favourable trading climate.

47. As Chairman of the Customs Union of the Commonwealth of Independent States, Kazakhstan had recently proposed the conclusion of a treaty on the establishment of a unified economic space. It also supported a programme of joint action for harmonizing national legislations, creating a free-trade zone and resolving currency regulation problems among the four Central Asian States members of the Central Asian Economic Association.

48. As a country with an economy in transition, Kazakhstan had been gratified by the adoption of General Assembly resolution 51/175 on the integration of the economies in transition into the world economy, which promoted, *inter alia*, the acceleration of their market reforms and expansion of their access to world markets. Since the socio-economic problems of those countries, aggravated by the world financial crisis, hampered their integration into the world economy, her delegation attached great importance to continued cooperation with the United Nations and to the report of the Secretary-General on the implementation of General Assembly resolution 51/175 (A/53/336), which was to be considered during the current session.

49. Environmental problems were a negative aspect of globalization. In that connection, her delegation greatly appreciated the assistance provided by the United Nations and its specialized agencies in dealing with environmental disasters in the Aral Sea and Semipalatinsk region. It welcomed the adoption of General Assembly resolution 52/169 M on international cooperation and coordination for the human and ecological rehabilitation and economic development of the Semipalatinsk region of Kazakhstan and looked forward to the report of the Secretary-General pursuant to that resolution. She appealed to States Members of the United Nations, particularly donor countries, to provide the necessary financial and technical assistance to Kazakhstan to overcome the consequences of the environmental disasters in the Aral Sea and Semipalatinsk regions.

50. **Mr. Rahmatallah** (Sudan), having expressed his delegation's support for the statement made by the representative of the Group of 77 and China, said that he would focus on matters of concern to his country. In the developing and least developed countries, where structural reform efforts had proved insufficient, external aid remained indispensable to the achievement of development, economic diversification and investment in human resources. In that connection, he hoped that suitable recommendations for dealing with the particular problems facing African countries would be adopted at the current session.

51. Despite difficult circumstances in the form of reduced ODA and continuation of the war in the south, the Sudanese economy had recently achieved significant successes, the

details of which were contained in an IMF publication in April 1998. Sudanese political and institutional frameworks were also being appropriately developed with a view to furthering the success of the economic reform programme. The successes in question had been achieved through the long toil and suffering of the Sudanese people under the unilateral economic embargo imposed on it by a major State which persisted in applying coercive economic measures in its own narrow self-interest. That same State, namely the United States of America, had then launched a missile attack on the Al Shifa factory, a pioneering Sudanese development project which supplied half of the country's basic medicine requirements. Although the repercussions of that incident were for discussion in another forum, he nevertheless wished to summarize before the Committee those aspects of the incident which were relevant to its mandate concerning international cooperation for development.

52. He began by reiterating the requests made by the Sudan and various geographical and political groupings, including the Group of 77 and China, for investigation of the allegations that the factory was manufacturing substances other than antimalarials, antibiotics and veterinary medicines. Secondly, the factory was privately owned by a Sudanese businessman and was unconnected with Osama Bin Laden, in which case its destruction undermined the principles and objectives of the regional economic agreement. Thirdly, the Sudan feared the negative effects that the incident would have on the Sudan's investment climate, which benefited from the Government's economic reform programme and policies. Fourthly, as a result of the strike on the factory, the Sudan had lost some $4 million, while over 300 workers lost their sole source of income. Lastly, the Sudan was now obliged to import the essential life-saving medicines previously provided by the factory, and the export opportunities similarly provided were now lost.

53. In conclusion, having affirmed the Sudan's commitment to international legitimacy and cooperation based on rejection of the use of force in international relations, he joined other delegations in their support for the statement made by the Minister for Development Cooperation of the Netherlands and welcomed the offer of the European Union to host the next United Nations Conference on the Least Developed Countries.

54. **Mr. Nimac** (Croatia) expressed concern at the declining growth in world output at a time when the international economy was characterized by unemployment in the industrialized countries and poverty in the developing countries. Indeed, the global financial crisis had touched all areas of international economic activity, resulting in the onset of a global recession. He stressed the need for political will in order to implement solutions to the negative repercussions of globalization, which had also had an impact on the work of the United Nations in the areas of poverty and development. Perhaps it was necessary to move away from the rigid terms of the Washington Consensus towards a more individualized approach with less emphasis on capital account liberalization. In that context, States must weigh the desirability of a new financial architecture and must consider whether the Bretton Woods institutions were capable of designing it, or whether a new organization was necessary. It was clear that, in any attempt to deal with the consequences of globalization, the close cooperation of multilateral institutions, particularly the United Nations, was of paramount importance.

55. Countries with economies in transition were feeling the effects of the crisis while, at the same time, facing the challenges of privatization and structural and macroeconomic reform. The efforts of those vulnerable countries to integrate into the world economy must be bolstered by the developed countries and the multilateral economic organizations in which they were the majority stakeholders. In that context, multilateral economic organizations without universal membership should not establish unreasonable conditionality for accession.

56. While Croatia was among the more successful economies in transition – in terms of banking reform, interest rates, price liberalization, enterprise restructuring and employment in the non-state sector – the cost of transition at the individual level had been increased poverty, particularly among the most vulnerable groups of the population. The steady development of the multilateral trading system, based on the principles of non-discrimination and predictability, had not sufficiently reduced disparities between the developed, developing and transitional economies. In that context, Croatia was in the final phase of bilateral negotiations with interested countries in the hope of acceding to WTO.

57. Turning to financing for development, he said that his delegation looked forward to participating in the discussions of the Ad Hoc Open-ended Working Group established under General Assembly resolution 52/179, and to the speedy implementation of any agreed conclusions it might adopt.

58. Discouraged by the lack of a substantial increase in resources for operational activities for development, his delegation welcomed the adoption of a new funding framework by the United Nations Development Programme (UNDP) and the United Nations Population Fund (UNFPA)

Executive Board. It also lamented the continuing discrepancy between ODA pledges and actual payments. With a view to promoting sustainable development, priority must be accorded to the upcoming reviews of the outcomes of major United Nations conferences, and of conferences of the parties to the various environment-related conventions. In conclusion, he expressed his delegation's gratitude to those bilateral and institutional donors that had provided assistance for Croatia's reconstruction process.

59. **Mr. Mabilangan** (Philippines) expressed his delegation's support for the statement delivered on behalf of the Group of 77 and China. He noted that the financial turbulence in South-East Asia had affected all countries – from those which relied on commodities exports and were essentially marginalized from the global economy, to the developed countries grappling with serious trade imbalances. The current financial turmoil, coming in the wake of the Mexican crisis, had exposed the inadequacy of existing institutions at the national and international levels, particularly in dealing with short-term capital flows.

60. Stability could be restored if the seriously affected countries implemented the proper policies and the industrialized countries adopted a more expansionary fiscal policy that eased the pressure of capital outflows and heavy debt-servicing on developing countries. The developing countries must also be guaranteed markets for their exports and increased export credit facilities. He also recommended stimulating domestic demand within the affected countries; however, that would require external support. His delegation was grateful to the Netherlands, the Nordic countries and other developed countries for their ODA and hoped that more resources for development cooperation would be forthcoming, either on a bilateral basis or through multilateral institutions, such as United Nations agencies, funds and programmes.

61. He called for greater transparency in reporting by both the public and private sectors in order to improve the functioning of financial markets; the comprehensive and timely disclosure of countries' international reserve positions and external exposure; and increased sharing of internationally accepted norms for assessing domestic borrowers' creditworthiness and sound banking practices. Such measures would help to establish a body of knowledge essential to finding a lasting solution to the current financial crisis. In that connection, there was a need for institution-building and reforms at both the national and international levels. Institutions must be more attuned to an economic environment dominated by the capital market, take innovative approaches and use a new set of economic tools. It might also be necessary to re-examine the role of the private sector in financial markets, as recently noted at the meeting of the Interim Committee of the IMF Board of Governors. The Interim Committee had also stressed the need for greater transparency in financial markets and possible additional regulatory and disclosure measures, particularly in respect of international institutional investors, including in highly leveraged operations. Such issues should be taken into account in the work of the Second Committee, particularly during the meetings of the ad hoc open-ended working group established to consider financing for development.

62. **Mr. Delaney** (Papua New Guinea) said that economic globalization was not yet global in the sense that it had not brought the peace and prosperity that had once been promised. However, the marginalization and distortions resulting from globalization were felt throughout the world, particularly in the least developed countries. Government responsibility was the common portfolio for international cooperation and the global financial crisis was largely the result of the Government sector's inability to react to the actions of the private sector. It was now clear that it was the responsibility of States to protect their people and their welfare. In that regard, despite the current global crisis, his Government had managed the country's economy over the previous year with minimum international financial assistance.

63. Every country and region had different circumstances which required different strategies to achieve self-reliance. The Government of Papua New Guinea had tried to stimulate an entrepreneurial spirit, while slashing public expenditure and privatizing State-owned entities. It was thus implementing structural reforms designed to promote sustainable non-mining and non-petroleum-based growth. However, those efforts alone could not bring about drastic improvements and provide social safety nets for the people without support from the Bretton Woods institutions. As a matter of principle, foreign financing must have a human face; therein lay the strength of the United Nations as the universal advocate for the world's poor.

64. He welcomed the coordinated United Nations system-wide approach which maximized the division of labour. In that regard, it was too soon to decide whether the United Nations Development Assistance Framework (UNDAF) would be the answer to the United Nations efforts to deliver assistance to the poor. He expressed strong support for the system's natural disaster response mechanisms at the field level. With growing concern over the El Niño phenomenon, natural disaster response mechanisms were a vital area of international concern. He looked forward to transparent deliberations on the need for a more coherent and improved

coordination among the environment and environment-related conventions.

65. **Ms. Corado** (Guatemala), speaking on behalf of the States members of the Central American Integration System, said that the Second Committee had on its agenda items which the Central American Integration System deemed to be especially important, inasmuch as moving forward with economic and social integration, fighting poverty and achieving continued progress in terms of sustainable development were cornerstones for securing development throughout Central America.

66. Noting that development must be given the highest priority on the United Nations agenda, she welcomed the establishment of a working group to carry out a wide-ranging and comprehensive analysis of the issue of financing for development. It was to be hoped that the recommendations of the group would lead to the holding of a conference on the issue. Such a conference would afford a unique opportunity to assess all the ramifications of the development financing crisis, one of the most serious problems developing countries were now encountering. The fact should not be overlooked that declining development aid might have an adverse impact on achievements already attained insofar as development, peace, democracy and governability in the Central American countries were concerned. Those countries were now in transition from a situation of conflict towards one of development. Without that transition to peace and democracy, it would be impossible to achieve development.

67. The operational activities of the United Nations required predictable and stable resources. In that connection, the Central American Integration System welcomed the decision taken by the UNDP Executive Board to set a target of $1.1 billion worth of core resources for its operation. It was to be hoped that the decision would be implemented.

68. A united Central America would be better able to meet the challenges of globalization and take care of the welfare of the people of the region. What the Central American countries wanted above all was fair access to the world market and the recognition of their potential as a competitive place to make productive investments. It was becoming increasingly difficult to meet the requirements of international financial institutions without sacrificing the welfare of the people, who were already poverty-stricken.

69. The process of integration of sustainable development in Central America reflected an effort by the Central American countries to achieve development while conserving the vitality and diversity of the land for the benefit of both present and future generations. They had established a joint position regarding environmental issues. Protected bi-national areas and a Central American Biological Corridor had been created. Countries of the region were getting ready to participate actively in the fourth Conference of the Parties to the Framework Convention on Climate Change, to be held in November in Buenos Aires. The States members of the Central American Integration System also looked forward to the holding of the second Conference of the Parties to the International Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa, to be held in Dakar. They also attached special attention to the Intergovernmental Panel on Forests. They hailed the adoption by the General Assembly of a resolution on Hurricane Georges. They called on the international scientific community to put its assistance and knowledge at the disposal of the people in greatest need, in order to prevent, reduce and repair the effects of natural disasters.

The meeting rose at 12.50 p.m.